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Eurasian Integration Continues with the Eurasian Economic Union

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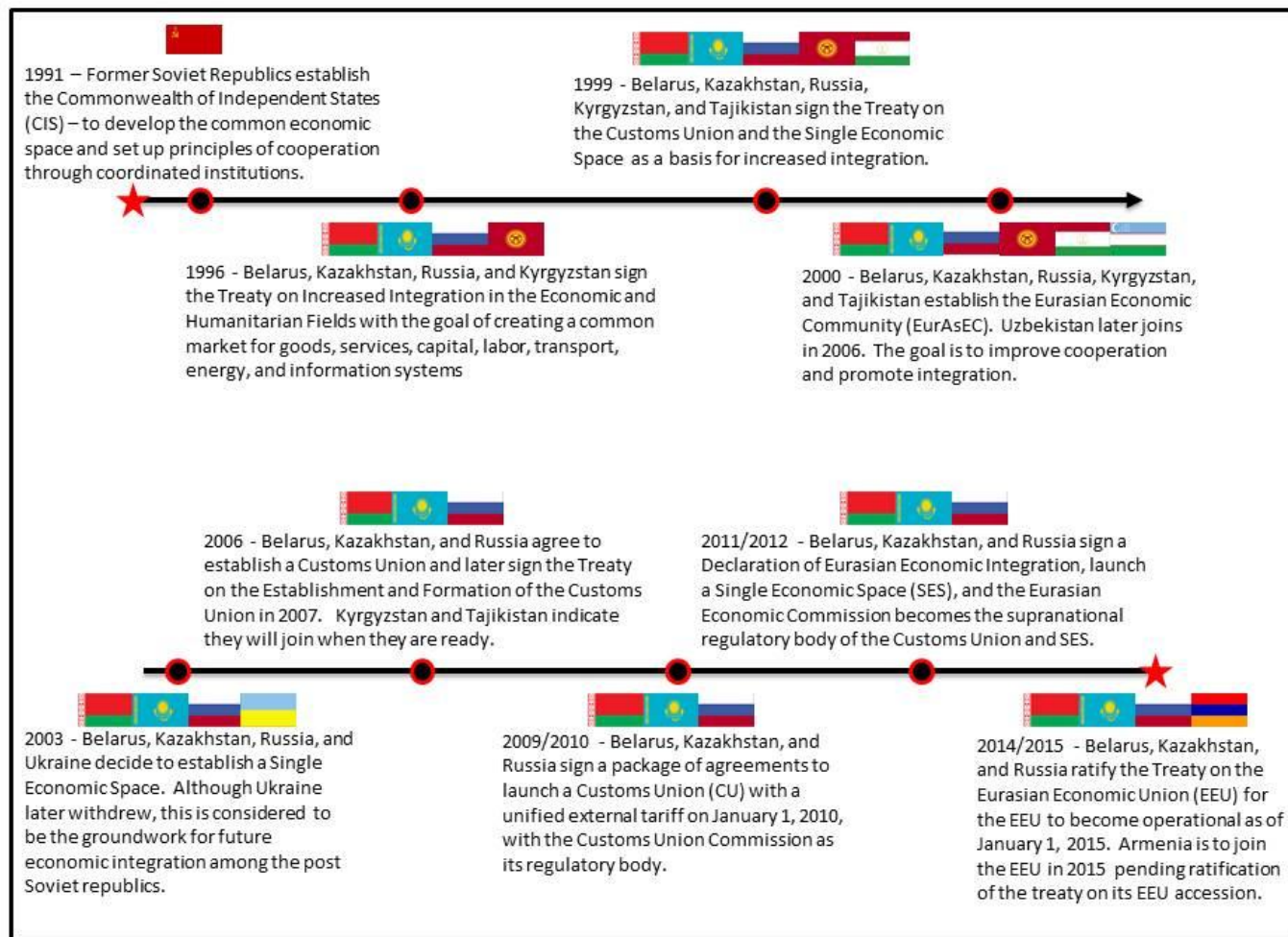
Report Highlights:

Regional integration in the post-Soviet space is set to continue with the launch of the Eurasian Economic Union (EEU) on January 1, 2015. The initial EEU members will be Belarus, Kazakhstan, and Russia, with Armenia planning to join January 2, 2015, at the earliest, and Kyrgyzstan to follow some time later. No immediate changes affecting trade in agricultural goods with Belarus, Kazakhstan, and Russia are expected with the entry into force of the EEU Treaty on January 1, 2015, while Armenia and Kyrgyzstan may require a period of adjustment to ensure EEU regulatory conformity.

General Information:

As the Union of Soviet Socialist Republics dissolved in late 1991, several of the newly independent countries immediately began work on developing measures to maintain pre-existing economic and business ties. These efforts started with the creation of the Commonwealth of Independent States (CIS), which included all former Soviet republics but the Baltic States, and, at present, will continue with the launch of the Eurasian Economic Union (EEU) on January 1, 2015, akin to the more widely known European Union (see below).

Chart 1: History of Eurasian Integration



Source: “[Eurasian Economic Integration: Facts and Figures](#)” (2014)

The initial EEU members will be Belarus, Kazakhstan, and Russia, who signed the EEU Treaty in May 2014, and finalized their domestic ratification procedures in mid-October 2014 to ensure that the Treaty enters into force as planned on January 1, 2015.

According to the “[Eurasian Economic Integration: Facts and Figures](#),” the EEU Treaty is the result of a codification of the existing regulatory-legal framework of the Customs Union (CU) and Single Economic Space (SES) consisting of over a hundred international treaties signed between 1995 and

2012. The codification is expected to improve applicability of the agreements between the Member States in such areas as macroeconomics, finance, trade and investment, transportation and energy, industry and agro-industry, and make them more systematic.

A treaty on Armenia's accession to the EEU was signed by Belarus, Kazakhstan, Russia, and Armenia on October 10, 2014. According to the treaty, it will come into effect after all four countries confirm completion of their domestic ratification procedures, but no sooner than the next day after entry into force of the EEU Treaty. Thus, Armenia will be able to join the EEU on January 2, 2015, at the earliest.

As for Kyrgyzstan, it is currently implementing roadmaps for its accession to the CU and SES which were signed in May 2014 and October 2014, respectively. Both documents set forth numerous terms and conditions which call for legislative and regulatory changes with deadlines ranging from "6 months before accession" to "after accession" or "2014-2020." Nevertheless, at a CU/SES/EEU summit in Minsk on October 10, 2014, Kyrgyz President, Almazbek Atambayev, reportedly reiterated that the Kyrgyz Republic intended to join the CU and the EEU by the end of 2014. President Atambayev was also cited as requesting to draft a treaty on the Kyrgyz Republic's accession to the EEU so that it could be signed at the next meeting of the Supreme Eurasian Economic Council scheduled to take place in Moscow in December 2014.

Current Administration of the Customs Union and Single Economic Space

Due to plans for further economic integration between Russia, Kazakhstan, and Belarus, the Customs Union Commission, which had acted as the CU regulatory body since its inception, was replaced by the Eurasian Economic Commission (EEC) on July 1, 2012, following the launch of the Single Economic Space. While the EEC is based on the structure and achievements of its predecessor (i.e., the CU Commission), the EEC has more powers and duties over customs and tariff regulations, customs administration, establishment of trade regimes with third countries, monetary policy regulations, macroeconomic issues, energy and competition policy, regulation of state monopolies, industrial and agricultural financial aid issues, procurement, transportation, migration, and financial markets.

The structure of the EEC is similar to the regulatory bodies of the European Union, with its European Council and European Commission. The EEC has two tiers. The upper tier, its council, includes deputy prime ministers of the three countries, with First Deputy Prime Minister Igor Shuvalov representing Russia. The lower level, the board, which is called the "Collegium", is the EEC's main working body, with decision-making powers over customs duties as well as sanitary, veterinary, and immigration controls. The EEC Collegium will also oversee the allocation of industrial and agricultural subsidies. Viktor Khristenko, Russia's former Minister of Industry and Trade, has been appointed the head of the EEC Collegium.

The members of the EEC Collegium are as follows:

- Viktor Khristenko, Chairman of the Collegium (former Minister of Industry and Trade for Russia);
- Andrei Slepnev, Minister for Trade (former Deputy Minister for Economic Development for Russia);

- Vladimir Goshin, Minister for Customs Cooperation (former First Deputy Chairman of the State Customs Committee of Belarus);
- Valery Koreshkov, Minister for Technical Regulation (former Chairman of the State Committee for Standardization of Belarus);
- Nurlan Aldabergenov, Minister for Competition and Antitrust Regulation (former First Vice Chairman of the Kazakh Agency for Regulation of Natural Monopolies);
- Danial Akhmetov, Minister for Energy and Infrastructure (former Prime Minister of Kazakhstan);
- Sergey Sidorsky, Minister for Industry and the Agro-industrial Complex (former Prime Minister of Belarus);
- Tatyana Valovaya, Minister for Principal Areas of Integration and Macroeconomics (former Director of the Russian Government Department on International Cooperation); and,
- Timur Suleimenov, Minister for Economic and Financial Policy (a former Deputy Minister of Economy and Trade for Kazakhstan).

The EEC Collegium has established a number of Consultative Committees in accordance with the Treaty on the Eurasian Economic Commission of November 18, 2011. Such Committees may include both government officials of the CU Member States, and independent experts. One of these Committees, with the ability to impact a significant portion of U.S. agricultural exports, is the Consultative Committee on Technical Regulation, Sanitary, Veterinary, and Phytosanitary Measures. This Committee drafts EEC decisions together with the Collegium, or Board Members.

As of October 24, 2014, the members of the aforementioned Consultative Committee are as follows:

Belarus

- Viktor V. Nazarenko – Chairman of the State Committee for Standardization
- Igor V. Gayevsky – Deputy Minister of Health & Chief Medical Officer of the Republic of Belarus
- Igor V. Brylo – Deputy Minister of Agriculture and Food
- Vladimir V. Grakun – Deputy Minister of Agriculture and Food
- Yury A. Pivovarchik – First Deputy Director of Department of Veterinary and Food Surveillance, Ministry of Agriculture and Food; Chief State Veterinary Inspector of the Republic of Belarus
- Aleksandr I. Kutsko – Deputy Director of Department of Veterinary and Food Surveillance, Ministry of Agriculture and Food; Deputy Chief State Veterinary Inspector of the Republic of Belarus

Kazakhstan

- Gulmira S. Isaeva – Vice Minister of Agriculture
- Birzhan B. Kaneshev – Chairman of the Committee of Technical Regulation and Metrology, Ministry of Investment and Development
- Zhandarbek M. Bekshin – Chairman of the State Sanitary and Epidemiological Surveillance Committee, Ministry of Health

- Saktash S. Khasenov – Chairman of the Committee of State Inspection in the Agro-Industrial Complex, Ministry of Agriculture; Chief State Inspector on Plant Quarantine of the Republic of Kazakhstan
- Nurkan O. Sadvakasov – Deputy Chairman of the State Epidemiological Surveillance Committee, Ministry of Health; Chief State Sanitary Doctor of the Republic of Kazakhstan
- Madi A. Ismailov – Deputy Chairman of the Agency for Construction and Housing Utilities
- Galymzhan T. Dugalov – Deputy Chairman of the Committee of Technical Regulation and Metrology, Ministry of Investment and Development
- Rakhim S. Oshakbaev – Deputy Chairman of the Board (Board Member) of the National Chamber of Entrepreneurs

Russian Federation

- Gleb S. Nikitin – Deputy Minister of Industry and Trade
- Oleg V. Fomichev – State-Secretary and Deputy Minister of Economic Development;
- Andrey V. Volkov – Deputy Minister of Agriculture
- Igor N. Kagramanyan – Deputy Minister of Health
- Sergey A. Dankvert – Head of the Federal Service for Veterinary and Phytosanitary Surveillance
- Anna Yu. Popova – Head of the Federal Service for Supervision of Consumer Rights Protection and Wellbeing
- Savva V. Shipov – Head of the Federal Service for Accreditation
- Aleksey V. Abramov – Head of the Federal Agency on Technical Regulation and Metrology
- Evgeny A. Nepoklonov – Deputy Head of the Federal Service for Veterinary and Phytosanitary Surveillance

Expected Impact of the EEU Launch

Since in essence the EEU Treaty is a compilation of the relevant provisions of the existing CU and SES laws and regulations, US exporters of agricultural goods to the original CU/SES founding “troika” of Belarus, Kazakhstan, and Russia should not see any overnight changes to their usual business procedures for these countries with the launch of the Eurasian Economic Union on January 1, 2015. The biggest changes affecting agricultural trade took place already in 2010/2011 when the three countries launched a unified external tariff and customs code, began unifying their sanitary, phytosanitary, veterinary, and technical regulations, and moved border controls to the external CU border.

It is the potential new EEU members, Armenia and Kyrgyzstan, who, pending their accession, may be affected the most by the EEU realities that will be new for their markets. First of all, as both countries have some import tariffs, including for agricultural goods, that are lower than the unified CU customs tariff, they will see some phased-in customs tariff increases. For example, the treaty on Armenia’s accession to the EEU foresees the Armenian import tariff on some beef, pork, and poultry items increase every year starting in 2016 from 10% to 25 percent, 15 percent, and 50 percent, respectively, in 2021, with the final transfer to the Unified CU tariffs on these items in 2022. Moreover, as both Armenia and Kyrgyzstan are WTO members, before any such EEU-related customs tariff changes can take place, both countries will have to re-negotiate them in the framework of the WTO. Similarly, trade with Armenia and Kyrgyzstan will be affected by their transfer to the unified CU sanitary, phytosanitary, veterinary and technical regulation measures, such as the use of the unified CU forms of veterinary certificates to facilitate trade in goods that are under veterinary control. Finally, the transfer of border

controls to what by that time will be the external EEU border will definitely affect Kyrgyzstan (Armenia, having no common borders with any of the other EEU members, should not be affected.)

Changes are also looming for the Eurasian Economic Commission, as it will have to integrate representatives of the new EEU Member States into its structures. In particular, according to the treaty on Armenia's accession, Armenia is to be represented by three members with one vote in the EEC Collegium, with no assigned authority for the initial period of their appointment through the end of the term of the current EEC Collegium members.

Other relevant reports:

[RS1036 Custom Union Update July 2010](#)

[RS1058 Customs Union List of Products Under Phytosanitary Regulations](#)

[RS1076 Customs Union Update on MRLs for Pesticides in Ag Products](#)

[RS1133 Common Rules of State Support of Agriculture in the Customs Union](#)

[RS1140 Russia No Longer Requires Import Quarantine Permit](#)

[RS1221 Commonwealth of Independent States FTA](#)

[RS1341 Conception of Agro-Industrial Policy Coordination in the CU](#)

[RS1343 Customs Union Food Technical Regulations in Force as of 1 July 2013](#)

[RS1382 Customs Union Technical Regulation on Milk and Dairy Products](#)

[RS1384 Customs Union Technical Regulation on Meat](#)

[RS1389 Amended CU Regulations Allow Replacement Phytosanitary Certificates](#)

[RS1456 Eurasian Economic Commission Announces 2015 Meat Poultry Whey TRQs](#)